

State forges ties to China

Program links businesses to foreign partners

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For the past year, Timothy D. Barr has courted officials from Anhui Province in China through Maryland's Sister States program.

The negotiations haven't resulted in any contracts yet for O'Brien & Gere, a mid-sized engineering firm based in East Syracuse, N.Y. But Barr, a senior managing engineer in the company's Landover office, said he is close to completing some deals that could pay off nicely.

"This is part of a process," Barr said, after discussing water and sewage facilities with some officials of an 18-member delegation from China Wednesday at the Tech Council of Maryland's offices in Rockville. "A deal that can be done here in a matter of months can take several years to do in China."

But pursuing such overseas deals — O'Brien & Gere has worked on water plants in other provinces of China, but not in Anhui — is worthwhile, he said. "There is no bigger market in the world than China," Barr said.

Barr, a member of the Maryland-Anhui Sister States executive committee and business subcommittee, was among several local business officials who participated in the forum. The program is conducted under the aegis of the Maryland Secretary of State's Office to help private and public officials develop stronger ties with those in other nations, with Anhui becoming Maryland's first program partner in 1980.

The state has since added alliances with jurisdictions in Japan, France, Belgium, Korea, Brazil, Poland, Russia and Mexico. "The idea is to develop long-term relationships," said Susan Frick Payne, director of international affairs for the Maryland Secretary of State's Office.

Despite the seemingly long time to arrange deals, China is easier to work with these days than it was a decade ago, said Dennis L. Noah, vice president and manager of international trade operations for M&T Bank.

While M&T, the second largest bank in Maryland in deposits, has not secured any direct loans in China, it conducts many transactions such as letters of credit for clients doing work there, Noah said. A big obstacle still is getting approval through the foreign exchange system to be paid in dollars, he said.

"It's a developing marketplace," said Noah, who works out of the Baltimore office of M&T, which is headquartered in Buffalo, N.Y. "They are in the process of learning how to do business on a global scale."

Anhui, one of 22 provinces in China, has 64.6 million people, and exports and imports both grew more than 10 percent last year to more than \$3 billion, according to the Anhui Provincial Foreign Affairs Office. Its gross domestic product grew 12.5 percent last year.

Speaking through interpreters, officials from counties and cities in Anhui said they were eager to work with U.S. companies on projects such as power and sewer plants, as well as attracting more investment for coal-processing plants, food-processing facilities and others.

In Fuyang City, officials need to double the municipality's three sewer plants to six, said Gao Feng, deputy director of the Development and Reform Commission there. "We hope to be the first in China to use your technology," he told Barr.

Other officials touted their areas for scenic beauty and tourism, being high in coal and copper mining and as the original site of tofu.

Maryland companies have increased their exports to China in recent years, as they almost tripled between 2000 and 2004 to \$223.9 million, according to the U.S. Department of Commerce. China was Maryland's seventh largest exporting nation in 2004, up from 17th in 2000.

But Maryland still lags most other U.S. states, ranking in the bottom half nationally in exports to China. California ranked first in 2004 with \$6.8 billion in exports.

Numerous Maryland companies have increased business with China, including those that work with the Sister States program, said Jean Van Buskirk, a consultant to the Secretary of State's Office who formerly directed the Sister States program. Those include Chindex International Inc., a Bethesda medical products and services company; Multimax, a Largo information technology company that had several participants at Wednesday's event; and RTKL Associates, a Baltimore architectural firm that designed a major museum in China.

Top exports from Maryland to China include chemicals, machinery, fabric products and electronic products, according to the Commerce Department.

Anhui Province, by the numbers

Area: 53,700 square miles.

Population, 2004: 64.6 million.

Location: Eastern China along the Yangzi River, about 125 miles west of Shanghai.

GDP growth, 2004: 12.5 percent.

U.S. exports, 2004: \$3.9 billion.

Growth in exports, 2004: 28.5 percent.

U.S. imports, 2004: \$3.3 billion.

Growth in imports, 2004: 13.5 percent.

Number of foreign-funded enterprises added in 2004: 472.

Major industries: Steel, coal, chemicals, building materials, farming.

Number of universities and colleges: 82.

Number of vocational schools: 510.

Number of sister relationships with foreign states or cities: 48.

Year one with Maryland began: 1980.

Source: Anhui Provincial Foreign Affairs Office